

EXHIBIT B

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BY-EMAIL AND FEDERAL EXPRESS

The Honorable Santiago Bausili
Secretary of Finance
Ministry of Finance
Av. Hipolito Yrigoyen 250, 10th Floor, Office 1020
(C1086AAB) Buenos Aires
Republic of Argentina
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Dear Secretary Bausili:

The funds we manage (the “**Aurelius-Managed Funds**”) hold \$113.9 million notional amount of 2005-issued U.S. Dollar-Denominated New York law GDP-Linked Securities (ISIN: US040114GM64) and \$777.3 million notional amount of 2010-issued U.S. Dollar-Denominated New York law GDP-Linked Securities (ISIN: XS0501197262). The 2005-issued and 2010-issued USD New York-law GDP-Linked Securities with these ISINs are referred to collectively in this letter as the “**GDP Warrants**.”

All capitalized terms in this letter, unless otherwise indicated, have the meaning ascribed to such terms in the governing documents (the “**Governing Documents**”), specifically the Trust Indenture, dated as of June 2, 2005, and (i) in the case of the GDP-Linked Securities issued in 2005, the 2005 Form of Registered Global Security, and (ii) in the case of GDP-Linked Securities issued in 2010, the First Supplemental Indenture, dated as of April 30, 2010, and the 2010 Form of Registered Global Security. The 2005 and 2010 Forms of Registered Global Security are substantially the same, and are referred to herein collectively as the “**Global Security**”.

As explained below, the Republic of Argentina (“**Argentina**”) owed the holders of the GDP Warrants a Payment Amount for Reference Year 2013 of approximately \$1.3 billion, or \$7.70 per \$100.00 notional amount of GDP Warrants, that was due on December 15, 2014. The GDP Warrants owned by the Aurelius-Managed Funds accounted for \$68.6 million of the Payment Amount. None of these amounts have been paid, and accordingly Argentina currently owes the Aurelius-Managed Funds \$85.8 million as of the above date, taking into account pre-judgment interest under New York law of 9.0% per annum.

The purpose of this letter and the accompanying spreadsheets (Exhibits A and B) is to explain why, in light of the Governing Documents and the GDP data published by INDEC, a Payment Amount is due, and to request that Argentina honor its obligations and pay the \$85.8 million due to the Aurelius-Managed Funds without our commencing litigation to enforce our rights, which we are prepared to do. We are

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willing to discuss these matters with you in advance of litigation, including a potential confidential settlement.

DETERMINATION OF THE PAYMENT AMOUNT

The Global Security spells out the steps for determining the Payment Amount due for any Reference Year. In general terms, the Payment Amount is determined by comparing Actual Real GDP to Base Case GDP for the Reference Year, both converted to nominal figures by a deflator, and then the excess is subject to certain further calculations to arrive at the Payment Amount due to holders of the GDP Warrants.

Actual Real GDP “means, for any Reference Year, the gross domestic product of Argentina for such Reference Year measured in constant prices for the Year of Base Prices, as published by INDEC.” When the GDP Warrants were issued in 2005 and 2010, and for several years thereafter, INDEC was using 1993 as the Year of Base Prices. In early 2014, INDEC began reporting GDP data using 2004 as the Year of Base Prices. As discussed below, even though INDEC reported Actual Real GDP for Reference Year 2013 in 2004 prices, the Governing Documents still require consideration of Actual Real GDP for Reference Year 2013 in 1993 prices, as well as 2004 prices, in order to determine the Payment Amount for Reference Year 2013. INDEC published full-year Actual Real GDP for Reference Year 2013 in 2004 prices (ARS 720.4 billion), and quarterly and monthly data in 1993 prices from which we can determine full year Actual Real GDP for Reference Year 2013 in 1993 prices (ARS 491.3 billion). (*Exhibit A, Rows G, F, and Exhibit B*¹)

Base Case GDP means, for any Reference Year, the amount set forth in the chart contained in the Global Security, provided that:

if the Year of Base Prices employed by INDEC for determining Actual Real GDP shall at any time be a calendar year other than the year 1993, then the Base Case GDP for each Reference Year shall be adjusted to reflect any such change in the Year of Base Prices by multiplying the Base Case GDP for such Reference Year (as set forth in chart [in the Global Security]) by a fraction, the numerator of which shall be the Actual Real GDP for such Reference Year measured in constant prices of the Year of Base Prices, and the denominator of which shall be the Actual Real GDP for such Reference Year measured in constant 1993 prices.

Because INDEC began to use 2004, not 1993, as the Year of Base Prices in 2014, the proviso quoted above requires that the Base Case GDP figure in the chart for Reference Year 2013 be adjusted by the specified fraction for that reference year. For Reference Year 2013, the figure in the chart is ARS 372.8 billion (*Row I*). The numerator of the adjustment fraction is Actual Real GDP for 2013 measured in constant 2004 prices (i.e., ARS 720.4 billion). (*Row G*.) The denominator is Actual Real GDP for 2013 measured in constant 1993 prices (i.e., ARS 491.3 billion). (*Row F*.) Thus, the adjustment fraction for Reference Year 2013 is 1.47 (*Row H*), and the Base Case GDP for Reference Year 2013 is ARS 546.6 billion (i.e., ARS 372.8 billion multiplied by 1.47) (*Row J*).

Actual Real GDP and Base Case GDP are then multiplied by the **GDP Deflator** to determine Actual Nominal GDP and Nominal Base Case GDP, respectively. The GDP Deflator “means, for any Reference

¹ Exhibit B sets forth the calculations for determining full year Actual Real GDP for Reference Year 2013 in 1993 prices based upon the quarterly GDP and monthly GDP index data (EMAE) published by INDEC.

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*Year, the number that results from dividing (i) the gross domestic product of Argentina for such Reference Year measured at the current prices of such Reference Year, as published by INDEC [i.e., ARS 3,348.3 billion for reference year 2013 (Row K)], by (ii) the Actual Real GDP for such Reference Year [i.e., ARS 720.4 billion for Reference Year 2013 (Row G.).]” The GDP Deflator for Reference Year 2013 is thus 4.6. (Row L.) The GDP Deflator multiplied by Actual Real GDP produces an **Actual Nominal GDP** for Reference Year 2013 of ARS 3,348.3 billion (Row M), and when multiplied by the Base Case GDP produces a **Nominal Base Case GDP** for Reference Year 2013 of ARS 2,540.3 billion (Row N).*

Excess GDP “means, for any Reference Year, the amount (expressed in billions of Argentine pesos), if any, by which Actual Nominal GDP for such Reference Year exceeds the Nominal Base Case GDP for such Reference Year.” Excess GDP for Reference Year 2013 is ARS 808.0 billion (i.e., 3,348.3 minus 2540.3). (Row O.) **Available Excess GDP** “means, for any Reference Year, means an amount in Argentine pesos equal to (i) 5% of Excess GDP for such Reference Year, multiplied by (ii) the Unit of Currency Coefficient.” That unit is defined in the Global Security to be 0.012225. (Row P.) The Available Excess GDP for Reference Year 2013 is thus ARS 0.5 per \$1.00 USD notional of GDP Warrants. (Row Q.)

The Payment Amount “means, for any Payment Date, an amount equal to (i) the Available Excess GDP (converted into U.S. dollars) for the Reference Year corresponding to such Payment Date, multiplied by (ii) the notional amount of [the GDP Warrants] outstanding as of such Payment Date....” For Reference Year 2013, the Payment Date was December 15, 2014 and the notional amount of outstanding GDP Warrants was \$17.2 billion (Row U). To convert Available Excess GDP into U.S. dollars, the Global Security tells us to use the average free market exchange rate of ARS to USD during the 15 days preceding December 31, 2013, which was 6.4 ARS/USD (Row R). Thus, the Payment Amount due for all the GDP Warrants for Reference Year 2013 was approximately \$1.3 billion (Row V), and the Payment Amount due to the Aurelius Managed Funds was \$68.6 million (Row Z).

PRE-CONDITIONS FOR THE PAYMENT AMOUNT TO BE DUE

The determination of the Payment Amount is not the end of the analysis. Pursuant to the Global Security, holders of the GDP Warrants are only entitled to receive the Payment Amount in respect of any Reference Year if, for such Reference Year: **(i)** Actual Real GDP was greater than Base Case GDP, **(ii)** Actual Real GDP Growth was greater than Base Case GDP Growth, and **(iii)** aggregate payments under the GDP Warrants have not exceeded the Payment Cap. All three of these pre-conditions are satisfied with respect to Reference Year 2013.

As to pre-condition (i), Actual Real GDP for Reference Year 2013 (i.e., ARS 720.4 billion) is greater than Base Case GDP (i.e., ARS 546.6 billion). (Row J.) **So, the first pre-condition is satisfied.**

As to pre-condition (ii), it is necessary to determine whether Actual Real GDP Growth for 2013 is greater than Base Case GDP Growth for 2013.

Actual Real GDP Growth “means, for any Reference Year, the percentage change in Actual Real GDP for such Reference Year, as compared to Actual Real GDP for the immediately preceding Reference Year,

provided that, if the Year of Base Prices employed by INDEC for determining Actual Real GDP for such Reference Year and for the immediately preceding Reference Year shall differ, then Actual Real GDP for the immediately preceding Reference Year shall for this purpose be measured using constant prices for the Year of Base Prices

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applicable to the Reference Year in respect of which Actual Real GDP Growth is being determined.” (Emphasis added.)

Because INDEC began using 2004 as the Year of Base Prices in early 2014, we need Actual Real GDP for Reference Year 2012 in 2004 prices even though it was originally reported by INDEC in 1993 prices. When INDEC changed the Year of Base Prices from 1993 to 2004, it also reported Actual Real GDP for 2012 and prior years in 2004 prices. According to INDEC, Actual Real GDP for Reference Year 2012 using 2004 prices was ARS 703.5 billion. (*Row B.*) And, as noted above, INDEC reported Actual Real GDP for Reference Year 2013 using 2004 prices as ARS 720.4 billion. (*Rows G.*) Thus, Actual Real GDP Growth for Reference Year 2013 was 2.41% (720.4 divided by 703.5, minus 1). (*Row AA.*)

Base Case GDP Growth “means, for any Reference Year, the percentage change in Base Case GDP for such Reference Year, as compared to Base Case GDP for the immediately preceding Reference Year....” Base Case GDP for Reference Year 2013, after making the adjustment set forth in the definition of Base Case GDP discussed above, is ARS 546.6 billion. (*Row J.*) Base Case GDP for Reference Year 2012 from the chart in the Global Security needs to be similarly multiplied by an adjustment fraction, the numerator of which is Actual Real GDP for Reference Year 2012 measured in 2004 prices—ARS 703.5 billion (*Row B*)—and the denominator of which is Actual Real GDP for Reference Year 2012 measured in 1993 prices—ARS 468.3 billion (*Row A*). Thus, the adjustment fraction for Reference Year 2012 is 1.50 (*Row C*), and when the Base Case GDP figure in the chart for 2012 (ARS 361.1 billion) (*Row D*) is multiplied by this fraction, we have Base Case GDP for Reference Year 2012 of ARS 542.5 billion (*Row E*). Base Case GDP Growth from 2012 to 2013 is therefore 0.75% (*Row BB*), which is less than the Actual Real GDP Growth of 2.41% (*Row AA*), and **thus the second pre-condition is satisfied.**

As to pre-condition (iii), when Argentina made its most recent prior payment on the GDP Warrants in December 2012, it announced that 29.96% of the notional amount of GDP Warrants was remaining under the Payment Cap (*Row CC*). As noted above, the Payment Amount for Reference Year 2013 is \$7.70 per \$100.00 notional amount of GDP Warrants, or 7.70% of the notional amount (*Row DD*)—well within the remaining Payment Cap. **Thus, the third pre-condition is satisfied.**

* * *

We look forward to hearing from you.

Very truly yours,



Luc M. Dowling

cc: Dan Gropper (Aurelius Capital Management, LP)

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EXHIBIT A

For currency values, ARS in billions unless otherwise indicated

Determination of adjusted Base Case GDP for Reference Years 2012 and 2013

A	Actual Real GDP for Ref. Year 2012 (1993 Prices) per INDEC	ARS 468.3
B	Actual Real GDP for Ref. Year 2012 (2004 Prices) per INDEC	ARS 703.5
C = B / A	Adjustment fraction for Ref. Year 2012	1.50
D	Base Case GDP for Ref. Year 2012 per chart in Global Security	ARS 361.1
E = D * C	Base Case GDP for Ref. Year 2012 (Adjusted)	ARS 542.5
F	Actual Real GDP for Ref. Year 2013 (1993 Prices) per INDEC (see Exhibit B)	ARS 491.3
G	Actual Real GDP for Ref. Year 2013 (2004 Prices) per INDEC	ARS 720.4
H = G / F	Adjustment fraction for Ref. Year 2013	1.47
I	Base Case GDP for Ref. Year 2013 per chart in Global Security	ARS 372.8
J = H * I	Base Case GDP for Ref. Year 2013 (Adjusted)	ARS 546.6

Determination of Payment Amount Due for Reference Year 2013

K	GDP for Ref. Year 2013 measured at current prices, as published by INDEC	ARS 3,348.3
L = K / G	GDP Deflator for Ref. Year 2013	4.6
M = G * L	Actual Nominal GDP for Ref. Year 2013	ARS 3,348.3
N = J * L	Nominal Base Case GDP for Ref. Year 2013	ARS 2,540.3
O = M - N	Excess GDP for Ref. Year 2013	ARS 808.0
P	Unit of Currency Coefficient	0.012225
Q = 0.05 * O * P	Available Excess GDP for Ref. Year 2013 (Pesos / \$1.00 USD Notional of GDP Warrants)	ARS 0.5
R	Average free market USD/ARS exchange rate for 15 days preceding 12/31/13	6.4
S	Notional amount of 2005 USD GDP Warrants (USD in millions)	\$14,386.5
T	Notional amount of 2010 USD GDP Warrants (USD in millions)	\$2,833.0
U = S + T	Total notional amount of all USD GDP Warrants (USD in millions)	\$17,219.5
V = Q / R * U	Payment Amount due for Ref. Year 2013 for all USD GDP Warrants (USD in millions)	\$1,325.9
W	Notional amount of 2005 USD GDP Warrants held by Aurelius (USD in millions)	\$113.9
X	Notional amount of 2010 USD GDP Warrants held by Aurelius (USD in millions)	\$777.3
Y = W + X	Total notional amount of all USD GDP Warrants held by Aurelius (USD in millions)	\$891.2
Z = Q / R * Y	Payment Amount due for Ref. Year 2013 for all USD GDP Warrants held by Aurelius (USD in millions)	\$68.6
JJ = Q / R * 100	Payment Amount due for Ref. Year 2013 per \$100.00 notional amount of USD GDP Warrants (USD)	\$7.70

Payment Conditions

Condition 1	Actual Real GDP for Ref. Year 2013 > Base Case GDP for Ref. Year 2013?	Yes
G	Actual Real GDP for Ref. Year 2013 (2004 Prices) per INDEC	ARS 720.4
J	Base Case GDP for Ref. Year 2013 (Adjusted)	ARS 546.6
Condition 2	Actual Real GDP Growth for Ref. Year 2013 > Base Case GDP Growth for Ref. Year 2013?	Yes
AA = G / B - 1	Actual Real GDP Growth for Ref. Year 2013	2.41%
BB = J / E - 1	Base Case GDP Growth for Ref. Year 2013	0.75%
Condition 3	Aggregate previous Payment Amounts + Payment Amount for Ref. Year 2013 <= Payment Cap?	Yes
CC	Remaining Payment Cap as of December 2012 per Argentina (as a percentage of notional amount)	29.96%
DD = V / U	Payment Amount for Ref. Year 2013 (as a percentage of notional amount)	7.70%

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EXHIBIT B
ARS in billions**Real GDP Data for Q4 '12 to Q3 '13 in 1993 Prices, as Published by INDEC**Source: http://www.indec.gov.ar/ftp/nuevaweb/cuadros/17/cuadro8_1.xls

	Period	Real GDP
A	Q4 2012	ARS 484.2
B	Q1 2013	ARS 454.3
C	Q2 2013	ARS 519.6
D	Q3 2013	ARS 494.0

EMAE Index for Q4 '12 and Q4 '13 in 1993 Prices, as Published by INDECSource: http://www.indec.gov.ar/ftp/nuevaweb/cuadros/17/Estim-mensual-activ-econ_SH.xls

	Period	EMAE Index
E	October 2012	201.2
F	November 2012	206.9
G	December 2012	206.1
$H = (E + F + G) / 3$	Q4 2012	204.7
I	October 2013	207.6
J	November 2013	211.5
K	December 2013	211.7
$L = (I + J + K) / 3$	Q4 2013	210.3
$M = L / H - 1$	Q4 '12 to Q4 '13 Growth Rate	2.70%

Calculate Q4 '13 Real GDP in 1993 Prices by Using Q4 '12 to Q4 '13 Growth Rate from EMAE Data

	Period	Real GDP
$N = A * (1 + M)$	Q4 2013	ARS 497.3

Averaging Real GDP for Q1 to Q4 '13 Produces Actual Real GDP for Reference Year 2013 in 1993 prices

	Period	Real GDP
B	Q1 2013	ARS 454.3
C	Q2 2013	ARS 519.6
D	Q3 2013	ARS 494.0
N	Q4 2013	ARS 497.3
$O = (B + C + D + N) / 4$	Actual Real GDP for 2013	ARS 491.3